

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 IO-13 AF-10 ARA-10 EA-10
EUR-12 NEA-11 CIAE-00 DODE-00 NSAE-00 NSCE-00
SSO-00 ICAE-00 INRE-00 AGRE-00 CEA-01 COME-00
EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04
PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 SP-02
SOE-02 OMB-01 DOE-15 OIC-02 /153 W
-----022906 311556Z /40

O R 311500Z MAY 78
FM AMEMBASSY ANKARA
TO SECSTATE WASHDC IMMEDIATE 2126
INFO USMISSION GENEVA
AMEMBASSY BRUSSELS

C O N F I D E N T I A L SECTION 1 OF 2 ANKARA 4101

USMTN
USEEC

ACTION STR PASS ELECTRONICALLY

E.O. 11652: GDS
TAGS: ETRD, GATT, MTN, TU, US
SUBJECT: MTN--TURKISH POSITION

SUMMARY. TURKISH GOVERNMENT IS "SURPRISED" AT AND UNWILLING TO CONSIDER US REQUEST FOR TURKISH MTN CONCESSIONS ON FATS AND ORIENTAL TOBACCO. ALTHOUGH IT IS UNPREPARED TO MAKE ANY AGRICULTURAL CONCESSIONS AND, IN FACT, FEELS THAT ITS ECONOMIC CIRCUMSTANCES WOULD MAKE IT DIFFICULT TO GRANT CONCESSIONS AT ALL, GOT LOOKS TO US AS SOURCE OF MAJOR BENEFITS IT HOPES TO RECEIVE FROM TOKYO ROUND. TURKEY THEREFORE ASKS THAT USG NOT REQUIRE SPECIFIC CONCESSIONS FROM IT BUT RATHER CONSIDER TURKEY'S GLOBAL CONTRIBUTION TO FREER TRADE: (A) ITS INTENTION TO REDUCE CUSTOMS TARIFFS TO EC COMMON TARIFF LEVEL AND (B) PREFERENTIAL TARIFF TREATMENT PROVIDED IMPORTS FOR
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INVESTMENT PURPOSES UNDER LAW 474. TURKISH VIEWS ON THESE MATTERS WERE PRESENTED TO US DEL MTN GENEVA IN PAST FEW DAYS, MFA OFFICIAL SAID. HE CALLED IN EMBOFF TO PRESENT THEM AGAIN IN ANKARA AND TO ASK EMBASSY TO REPORT THEM TO WASHINGTON FOR CONSIDERATION BY US OFFICIALS BEFORE US/ TURKISH MTN TALKS ARE HELD THERE THIS WEEK. END SUMMARY.

1. OFFICIAL OF TURKISH MINISTRY OF FOREIGN AFFAIRS, TEMEL ISKIT, DEPARTMENT OF INTERNATIONAL ORGANIZATIONS, CALLED IN EMBOFF MAY 30 TO EXPRESS "SURPRISE" OF HIS GOVERNMENT THAT US HAS REQUESTED TURKISH CONCESSIONS ON FATS AND ORIENTAL TOBACCO IN TOKYO ROUND MTN. HE WISHED TO CONVEY THE "IMPOSSIBILITY FOR HIS GOVERNMENT EVEN TO STUDY THIS REQUEST". GOT WAS PARTICULARLY PUZZLED THAT USG SHOULD ASK FOR A CONCESSION ON ORIENTAL TOBACCO INASMUCH AS TURKEY HAD UNDERSTOOD THAT US ITSELF WAS WILLING TO GIVE A CONCESSION TO TURKISH ORIENTAL TOBACCO. HE NOTED THAT US NEGOTIATORS IN GENEVA HAD TOLD TURKS THAT IF TURKEY DID NOT PROVIDE THESE TWO CONCESSIONS, US WOULD CONSIDER TAKING BACK ITS CONCESSION ON TOBACCO, HIGHLY IMPORTANT TO TURKEY.

2. TURKEY, ISKIT SAID, IS NOT PREPARED TO MAKE ANY AGRICULTURAL CONCESSIONS. HE ARGUED THAT TURKEY IS A PRODUCER AND EXPORTER OF AGRICULTURAL PRODUCTS, IMPLYING THAT IT DOES NOT NEED TO IMPORT THEM OR WANT FOREIGN COMPETITION IN THE DOMESTIC MARKET FOR INEFFICIENT AND HEAVILY SUBSIDIZED TURKISH AGRICULTURE.

3. ISKIT ADDED THAT TURKEY IS NOT KEEN ON REDUCING ITS NTM'S EITHER. HE ACKNOWLEDGED THAT IT HAD MANY OF THESE, BUT CLAIMED THAT THEY WERE "VERY SENSITIVE".

4. IN FACT, ISKIT WENT ON, TURKEY'S ECONOMIC DIFFICULTIES
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MAKE IT HARD FOR TURKEY TO GRANT MANY CONCESSIONS AT ALL.

5. NEVERTHELESS, TURKEY LOOKS TO THE US AS THE SOURCE OF MOST OF THE BENEFITS THAT IT HOPES TO OBTAIN FROM THE MTN. TURKEY WILL BE NEGOTIATING WITH THE EC OUTSIDE THE MTN, IN TERMS OF THE TURKISH/EC ASSOCIATION AGREEMENT. IT DOES NOT EXPECT TO RECEIVE MUCH OF VALUE FROM OTHER DEVELOPING COUNTRIES. THEREFORE, ISKIT INFORMED EMBOFF, TURKEY WOULD LIKE TO OBTAIN SUBSTANTIAL CONCESSIONS FROM THE US.

6. TURKEY'S ONLY REQUESTS FOR CONCESSIONS FROM THE US HAVE BEEN IN THE AGRICULTURAL SECTOR. THESE WERE DETAILED SOME TIME AGO AND CONCERN TRADITIONAL TURKISH EXPORTS SUCH AS DRIED FIGS, RAISINS, DRIED VEGETABLES, HAZELNUTS, DRIED APRICOTS, TOMATO PASTE, AND, ESPECIALLY, ORIENTAL TOBACCO.

7. THEREFORE ISKIT SOUGHT US UNDERSTANDING. HE ASKED THAT THE US JUDGE TURKEY'S CONTRIBUTION TO THE MTN IN A "GLOBAL CONTEXT" AND ON THE BASIS OF "RELATIVE RECIPROCITY". TURKEY HOPED THAT DEVELOPED COUNTRIES WOULD NOT MEASURE THE CONTRIBUTIONS OF DEVELOPING COUNTRIES AGAINST A STANDARD OF BILATERAL RECIPROCITY BUT RATHER ON THE BASIS OF OVERALL VALUE TO

GATT COUNTRIES.

8. THE TURKS WERE PREPARED TO MAKE TWO CONTRIBUTIONS TO THE MTN. ISKIT ASKED THAT THE USG REGARD THEM FAVORABLY IN THE GLOBAL CONTEXT:

A. REDUCTION OF TURKISH CUSTOMS TARIFFS TO LEVEL OF EC COMMON CUSTOMS TARIFFS.

(1) GOT IS PREPARED "EVENTUALLY" TO REDUCE ITS CUSTOMS TARIFFS TO EC LEVELS. SINCE THE TURKISH TARIFF INCIDENCE IS MUCH HIGHER THAN THAT OF THE EC, THIS ADAPTATION WILL REQUIRE TURKEY TO LOWER ITS TARIFFS SUBSTANTIALLY. US AND ALL OTHER COUNTRIES ENJOYING MFN STATUS WITH TURKEY WILL BENEFIT.

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O R 311500Z MAY 78
FM AMEMBASSY ANKARA
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C O N F I D E N T I A L SECTION 2 OF 2 ANKARA 4101

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(2) ISKIT ADMITTED THAT HE DID NOT KNOW WHEN SUSPENSION OF STAGED REDUCTIONS IN TURKEY'S TARIFFS, UNDER EC ASSOCIATION AGREEMENT, WOULD BE LIFTED. TURKISH TARIFFS WERE FROZEN OVER A YEAR AGO AS RESULT OF TURKEY'S DISSATISFACTION WITH COMMUNITY'S REFUSAL TO ALLOW TURKISH WORKERS FREE MOVEMENT WITHIN EC LABOR MARKET, WITH LEVEL OF CREDITS PROVIDED BY EUROPEAN INVESTMENT BANK, AND WITH TRADE CONCESSIONS GRANTED BY COMMUNITY TO TURKISH EXPORTS. ISKIT

NOTED, HOWEVER, THAT PRIME MINISTER ECEVIT HAD REAFFIRMED TO EC COMMISSIONERS IN BRUSSELS LAST WEEK TURKEY'S INTENTION TO MAINTAIN AND WIDEN ITS RELATIONS WITH THE EC. HE CONSIDERED IT SAFE TO ASSUME THAT TURKEY WOULD RESUME STAGED REDUCTION OF ITS TARIFFS ALTHOUGH HE COULD NOT PREDICT WHEN THAT MIGHT COME ABOUT.

B. PREFERENTIAL TARIFF TREATMENT OF IMPORTS FOR INVESTMENT.
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TURKISH LAW 474 PERMITS ELIMINATION OR SUBSTANTIAL REDUCTION OF CUSTOMS DUTIES ON GOODS FOR INVESTMENT, ISKIT SAID. HE BELIEVED THAT MOST PRODUCTS IMPORTED FROM US BENEFITTED FROM REDUCED TARIFFS UNDER THIS LAW. FOR MOST IMPORTS SO BENEFITTING, TARIFFS WERE REDUCED TO ZERO, HE UNDERSTOOD; HE WAS SURE THAT OVER 20 PERCENT OF TOTAL TURKISH IMPORTS RECEIVED PREFERENTIAL TREATMENT UNDER LAW 474. GOT FOREGOES ABOUT \$50 MILLION A YEAR IN CUSTOMS DUTIES IN APPLYING LAW 474, ISKIT SAID. HE WAS FORCED TO ADMIT, HOWEVER, THAT THE LAW IS NOT A NEW ONE. (EMBASSY NOTES THAT IT BECAME EFFECTIVE MAY 25, 1964 AND AUTHORIZES THE TURKISH COUNCIL OF MINISTERS TO "MAKE CHANGES" IN ESTABLISHED TARIFF RATES--UPWARD AS WELL AS DOWNWARD-- IN ENCOURAGEMENT OF THE OBJECTIVES OF TURKISH DEVELOPMENT PLANS. IN PRACTICE, APPARENTLY, MOST ADJUSTMENTS EFFECTED UNDER THIS LAW ARE DOWNWARD.)

9. ISKIT ALSO ASKED THAT US NOT LOSE SIGHT OF FACT THAT TURKEY IS MAKING INDIRECT CONTRIBUTIONS TO MTN. WHENEVER THE EC MAKES A CONCESSION TO THE US, FOR EXAMPLE, TURKEY'S ADVANTAGE IN THE EC MARKET IS ERODED, HE OBSERVED.

10. ISKIT SAID THAT GOT HAD MADE SAME PRESENTATION TO US DEL MTN GENEVA WITHIN PAST FEW DAYS AND ASKED THAT EMBASSY ANKARA ALSO REPORT TURKISH VIEWS TO WASHINGTON. HE WAS PARTICULARLY CONCERNED THAT THESE VIEWS BE CONSIDERED BY US OFFICIALS BEFORE MEETING TO BE HELD THIS WEEK IN WASHINGTON AS PART OF TURKISH/US MTN DISCUSSIONS.

11. EMBASSY DID NOT LEAD ISKIT TO BELIEVE THAT HIS ARGUMENTS WOULD BE HEARD SYMPATHETICALLY IN WASHINGTON.
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Message Attributes

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